

FDIC State Profile

WINTER 2003

Louisiana

Employment in Louisiana remained weak during third quarter 2003.

- Employment levels declined in Louisiana during the past two years, although the rate of loss has diminished in the last 18 months (see Chart 1).
- During the third quarter, the most significant job losses occurred in services and manufacturing (see Chart 2).
- In contrast, employment in the energy and construction industries expanded strongly on a year-over-year basis as of third quarter 2003.
- Employment was flat in the leisure and hospitality sector, increasing only 0.2 percent on a year-over-year basis as of third quarter 2003. This sector accounts for more than one in ten jobs in Louisiana, and is an important economic driver in the metro areas of the state.

Employment in the Louisiana oil and gas sector may benefit from stable energy prices.

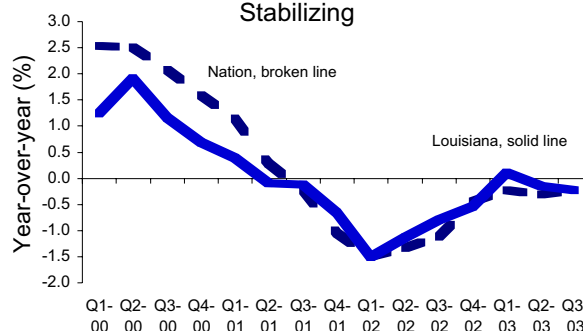
- The still dominant energy sector accounts for 19 percent of gross state product as of year-end 2001 (most recent data available), down from over 30 percent at year-end 1981.
- Energy sector employees are well compensated; as a result, even modest changes in the industry have a significant effect on personal income in natural resource dependent areas. Employment levels in the sector typically rise when oil prices exceed a mid-twenty dollar per barrel price point and contract below that level. The Organization of the Petroleum Exporting Countries (OPEC) has sought to maintain prices at or above \$25 per barrel, a goal achieved since early 2002 (see Chart 3).
- Favorable commodity prices for key crops coupled with generally robust production figures indicate that 2003 net farm incomes will exceed results from recent years.

Asset quality improved in the second half of 2003.

- Past-due and nonaccrual loan levels reported by insured institutions headquartered in Louisiana reached a cyclical peak at year-end 2001 and remained elevated during 2002.¹
- The median consumer past-due and nonaccrual loan ratio was 2.54 percent in second quarter 2003, down from 2.72 percent the prior quarter, but 10 basis points above the

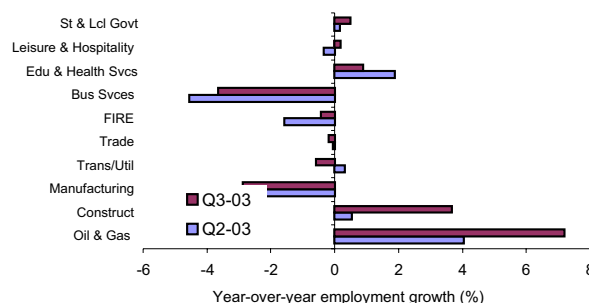
¹ The median past-due ratio peaked at 2.67 percent at year-end 2001 and remained relatively unchanged at year-end 2002.

Chart 1: Louisiana Labor Market Appears To Be Stabilizing



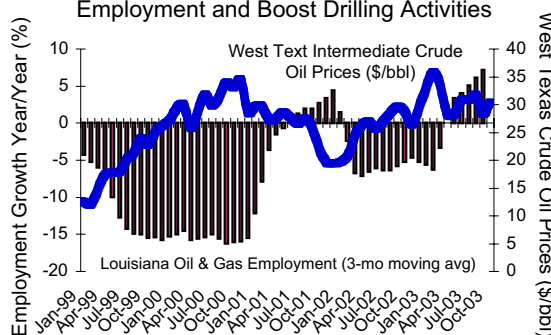
Source: Bureau of Labor Statistics

Chart 2: Employment Trends Highlight the Weakest Sectors in Louisiana



Source: Bureau of Labor Statistics

Chart 3: Stable Energy Prices Could Increase Employment and Boost Drilling Activities



Source: Bureau of Labor Statistics/ Wall Street

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2.44 percent ratio one year earlier, indicating on-going pressure in overall credit quality for insured institutions in Louisiana (see Chart 4).

Future earnings among insured institutions in Louisiana may be pressured.

- The median quarterly net interest margin (NIM) was 4.37 percent in second quarter 2003 for insured institutions in Louisiana, virtually unchanged from one quarter ago, but down significantly from 4.68 percent at second quarter 2002 (see Chart 5).
- As the national economy gains momentum, interest rates are expected to rise. Traditionally, net interest margins for Louisiana community banks have been adversely affected by rising interest rates, as most insured institutions are liability sensitive, with liabilities repricing more quickly than assets.

Chart 4: Credit Quality Improved for Insured Institutions Headquartered in Louisiana

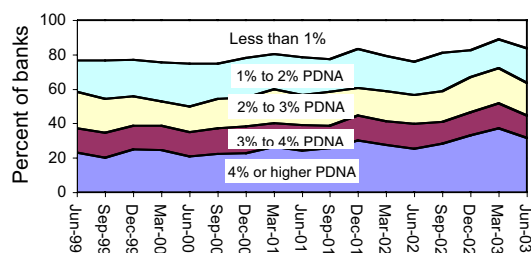
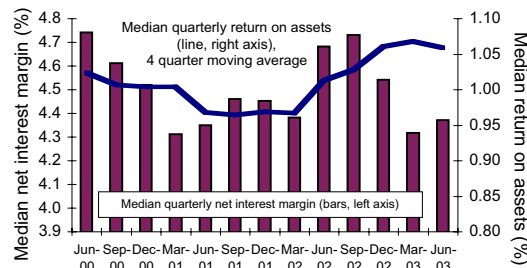


Chart 5: Traditional Earnings Measures Among Banks and Thrifts in Louisiana Declined from 2002



All insured institutions in Louisiana, excluding de novos.
Source: Bank and Thrift Call Reports

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Louisiana at a Glance

General Information	Jun-03	Jun-02	Jun-01	Jun-00	Jun-99
Institutions (#)	171	174	177	186	188
Total Assets (in thousands)	51,657,794	47,476,679	45,609,598	54,861,163	53,515,538
New Institutions (# < 3 years)	0	4	12	15	15
New Institutions (# < 9 years)	17	17	17	19	21
Capital	Jun-03	Jun-02	Jun-01	Jun-00	Jun-99
Tier 1 Leverage (median)	9.98	10.31	10.07	10.40	10.29
Asset Quality	Jun-03	Jun-02	Jun-01	Jun-00	Jun-99
Past-Due and Nonaccrual (median %)	2.54%	2.32%	2.32%	2.02%	2.35%
Past-Due and Nonaccrual > = 5%	32	28	26	23	25
ALLL/Total Loans (median %)	1.29%	1.29%	1.25%	1.27%	1.31%
ALLL/Noncurrent Loans (median multiple)	1.28	1.89	1.44	1.70	1.67
Net Loan Losses/Loans (aggregate)	0.31%	0.35%	0.38%	0.34%	0.44%
Earnings	Jun-03	Jun-02	Jun-01	Jun-00	Jun-99
Unprofitable Institutions (#)	4	1	7	12	14
Percent Unprofitable	2.34%	0.57%	3.95%	6.45%	7.45%
Return on Assets (median %)	1.12	1.10	0.98	1.10	1.01
25th Percentile	0.77	0.78	0.67	0.74	0.69
Net Interest Margin (median %)	4.33%	4.55%	4.34%	4.67%	4.48%
Yield on Earning Assets (median)	6.06%	6.82%	8.08%	8.09%	7.71%
Cost of Funding Earning Assets (median)	1.78%	2.43%	3.82%	3.62%	3.31%
Provisions to Avg. Assets (median)	0.11%	0.13%	0.11%	0.11%	0.10%
Noninterest Income to Avg. Assets (median)	0.92%	0.84%	0.83%	0.80%	0.77%
Overhead to Avg. Assets (median)	3.42%	3.32%	3.38%	3.45%	3.31%
Liquidity/Sensitivity	Jun-03	Jun-02	Jun-01	Jun-00	Jun-99
Loans to Deposits (median %)	70.87%	72.93%	71.12%	71.62%	67.75%
Loans to Assets (median %)	60.23%	60.83%	61.39%	60.85%	57.22%
Brokered Deposits (# of Institutions)	13	13	10	10	6
Bro. Deps./Assets (median for above inst.)	0.79%	1.35%	1.35%	2.13%	4.52%
Noncore Funding to Assets (median)	18.71%	18.36%	18.20%	17.66%	16.71%
Core Funding to Assets (median)	68.69%	68.85%	69.55%	69.68%	71.01%
Bank Class	Jun-03	Jun-02	Jun-01	Jun-00	Jun-99
State Nonmember	122	124	126	132	132
National	15	16	16	19	20
State Member	3	2	2	2	3
S&L	20	21	21	21	21
Savings Bank	9	8	9	9	9
Mutually Insured	2	3	3	3	3
MSA Distribution	# of Inst.	Assets	% Inst.	% Assets	
No MSA	90	10,296,361	52.63%	19.93%	
New Orleans LA	29	30,813,743	16.96%	59.65%	
Lafayette LA	22	4,774,063	12.87%	9.24%	
Baton Rouge LA	10	2,634,371	5.85%	5.10%	
Shreveport-Bossier City LA	8	751,601	4.68%	1.45%	
Houma LA	6	708,720	3.51%	1.37%	
Monroe LA	2	458,659	1.17%	0.89%	
Lake Charles LA	2	878,973	1.17%	1.70%	
Alexandria LA	2	341,303	1.17%	0.66%	